

**Before the
Federal Communications Commission
Washington, DC 20554**

Vermont Public Service Board)	
Request for Clarification of Certain)	WC Docket No. 10-90
Universal Service Rules)	

**Reply Comments
of Otelco, Inc.**

In response to the Commission’s request for comment¹ on the Motion for Clarification filed by the Vermont Public Service Board (“VPSB”),² Otelco, Inc. (“Otelco”) files these Reply Comments in support of the VPSB’s request for clarification of the application of the Commission’s universal service rule revisions. Otelco agrees with the VPSB and all commenting parties³ that local measured service (“LMS”) rate plans should be fairly recognized for universal service purposes.

¹ See *Wireline Competition Bureau Seeks Comment on the Vermont Public Service Board Request for Clarification of Certain Universal Service Rules*, Public Notice, DA 12-81 (Jan. 24, 2012).

² Vermont Public Service Board, Motion for Clarification, WC Docket No. 10-90 *et al.* (filed Dec. 28, 2011) (the “VPSB Motion”).

³ Two comments supporting the VPSB Motion were filed: Comments of the National Exchange Carrier Association, Inc.; National Telecommunications Cooperative Association; Organization for the Promotion and Advancement of Small Telecommunications Companies; Western Telecommunications Alliance; Eastern Rural Telecommunications Association; and the United States Telecom Association (filed Feb. 23, 2012) (the “Associations Comments”); and Comments of the Telecommunications Association of Vermont (filed Feb. 23, 2012) (the “TAV Comments”). The record reflects no opposing comments.

Otelco is the parent company of eleven rural local exchange companies. Five of these companies operate in three states that mandate the availability of LMS.⁴ As explained by the VPSB, the LMS rate design, comprised of separated charges for basic “dial tone” or availability, and per-minute usage charges, is intended to provide consumers with choices that allow them to control their telecommunications costs, and also allows the direct assignment of the costs associated with usage to the cost-causers.⁵

Otelco concurs with the VPSB, the Associations and TAV that implementation of the Commission’s recent decision to change high-cost support mechanisms requires clarification. Specifically, the amendment to Section 54.101(a) of the Commission’s Rules to provide that “eligible voice telephone service include . . . minutes of use for local service provided *at no additional charge to end users*”⁶ requires clarification to ensure that service provided pursuant to state-approved intrastate LMS rate designs are not precluded as an “eligible voice telephone service” for universal service purposes.⁷

⁴ Otelco affiliated rural local exchange carriers include Mid-Maine Telecom LLC, Saco River Telephone LLC, and Pine Tree Telephone LLC serving customers in Maine; Shoreham Telephone LLC serving customers in western Vermont; and War Telephone LLC serving customers in West Virginia.

⁵ VPSB Motion at 2.

⁶ *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service – Mobility Fund*, WT Docket No. 10-208, FCC 11-161 (rel. Nov. 18, 2011) at para. 78 (emphasis supplied) (“Report and Order”); *see also*, Report and Order, Appendix A at 536.

⁷ *See* VPSB Motion at 2; Associations Comments at 3; TAV Comments at 2-5.

Given the record supporting this rule amendment, it does not appear that the Commission intended the elimination of rate designs that promote consumer choice and facilitate consumer cost control by a wholesale disallowance of LMS options.⁸ Accordingly, the proposed clarification is both necessary and appropriate.

Otelco also agrees with the VPSB that the FCC should provide additional guidance addressing the definition of the local rate for carriers providing LMS. The VPSB and all commenting parties agree that it would be fundamentally unfair to utilize the dial-tone-only rate for purposes of calculating and reporting local rates.⁹ Since the very purpose of implementing a rate floor is to promote reasonable comparability of rates on a nationwide basis,¹⁰ LMS rates must include an accounting of usage to allow a fair and realistic comparison of LMS rate plans to flat-rate local service plans.

Because the basis for rate comparison will consist primarily of the more ubiquitous non-measured service plans across the country that contemplate or allow for unlimited local usage, an LMS carrier should be instructed to utilize its fixed rate or unlimited minutes rate tier, if such a tier is offered, for purposes of determining its local rate.¹¹ From a consumer's point of view, this LMS service tier is most directly comparable with other local service offerings nationwide. To the extent that a carrier does not offer such a tier, derivation of a reasonably comparable local rate could be achieved by utilizing a blended rate (dial-tone plus usage) for the tier that includes the

⁸ *Id.*

⁹ *See* VSB Motion at 3-4; Associations Comments at 3; TAV Comments at 7.

¹⁰ *See, e.g.,* Report and Order at para. 237.

¹¹ The Associations also suggest this approach. Associations Comments at n. 11.

greatest amount of usage available in the rate plan or the greatest geographic calling area. Either of the alternative methodologies suggested by the VPSB, the Associations and TAV (a Commission-determined surrogate number¹² of local minutes or carrier-determined average)¹³ would provide a suitable basis for developing the usage component of the blended rate.

Otelco respectfully urges the Commission to provide the requested clarifications, thereby confirming the continuing public benefits to be derived from the availability of LMS options.

Respectfully submitted,

OTELCO, INC.

A handwritten signature in blue ink, appearing to read "Sylvia Lesse", is enclosed within a light blue rectangular box.

By:

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¹² State commissions could also assist in developing state-specific typical local usage information.

¹³ See VPSB Motion at 4; Associations Comments at 3; TAV Comments at 7.

CERTIFICATE OF SERVICE

I, Sylvia Lesse, hereby certify that a copy of the foregoing REPLY COMMENTS OF OTELCO, INC. were served via electronic mail this 9th day of March, 2012 on the following:

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